

FISCAL NOTE

SB 422 - HB 427

March 17, 2005

SUMMARY OF BILL: Amends the retirement law by requiring annual reporting of investment of public retirement plan funds in companies with business operations in terrorist-sponsoring countries. To the extent funds are available, the Tennessee Consolidated Retirement System (TCRS) may hire or retain consultants as necessary to help prepare the annual reports.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$107,600

Increase Local Govt. Expenditures - \$66,500*

Other Fiscal Impact – Increase Federal/Other Expenditures - \$15,900

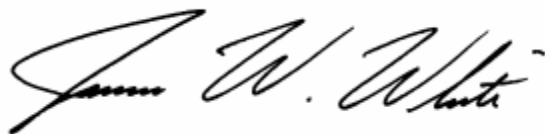
Assumptions:

- One firm identified that provides services characterized as a global security risk.
- Quoted fee of \$12,500 per year.
- Fee would apply to each investment manager and six different managed portfolios (\$12,500 x 6 = \$75,000).
- TCRS general investment consultant cost to assist TCRS staff with this project estimated to be approximately \$25,000.
- Cost to external investment managers at \$15,000 (6 x \$15,000 = \$90,000).
- Funding ratio for teacher cost is 60% state and 40% local education agencies.
- Funding ratio for state cost is 75% state and 25% federal funds.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director